Forward Contracts: Islamic Salam versus Conventional Call Options
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ABSTRACT

One of the most important forms of Islamic financial contracts is Salam. This form is contrasted with conventional contracts common in the West. It is argued that Salam contract is an important instrument for financial market stability and for increasing and enhancing productive activities in different areas of the economy. Moreover, the paper highlights the fact that Salam is only subject to the normal changes in the market for tangible industrial products.

Keywords: Financial Contracts, Islamic Finance, Conventional Call Options, Market Fluctuations